

(2) The excess, if any, over the lessee's revenues from the lease (plus interest thereon from the date of receipt to date of reimbursement) of all consideration paid for the lease and all direct expenditures made by the lessee after the date of issuance of the lease and in connection with exploration or development, or both, pursuant to the lease (plus interest on this consideration and expenditures from date of payment to date of reimbursement), except as follows:

(i) With respect to leases issued before September 18, 1978, compensation shall be equal to the amount specified in paragraph (f)(1) of this section, and

(ii) In the case of jointly held leases which are cancelled due to the failure of one or more partners to exercise due diligence, innocent party(s) shall have the right to seek damages for losses from the responsible party(s) and the right to acquire the interests of the negligent party(s) and be issued the lease in question.

[53 FR 10690, Apr. 1, 1988, as amended at 54 FR 50616, Dec. 8, 1989]

§ 250.13 How Does Production, Drilling, or Well-reworking Affect Your Lease Term?

(a) Your lease expires at the end of its primary term unless you are producing or conducting drilling or well-reworking operations on your lease. See § 256.37(b) of this title. Also, any drilling or well-reworking program must be part of a plan that has as its objective continuous production on the lease. For purposes of this section, the term "operations" means production, drilling, or well-reworking.

(b) If you stop conducting operations during the last 180 days of the primary lease term, your lease will remain in effect beyond the primary term only if you:

(1) Resume operations on the lease no later than 180 days after the operations ended; or

(2) Ask MMS for a suspension of operations or production under 30 CFR 250.10 before the 180th day after you stop operations, and thereafter receive the Regional Supervisor's approval; or

(3) Receive a directed suspension of operations or production from the Regional Supervisor under 30 CFR 250.10

before the 180th day after you stop operations.

(c) If you stop conducting operations on a lease that has continued beyond its primary term, then your lease will expire unless you comply with either paragraph (b)(1), (b)(2), or (b)(3) of this section.

(d) You may ask the Regional Supervisor to allow you more than 180 days to resume operations on a lease continued beyond its primary term when operating conditions warrant. The request must be in writing and explain the operating conditions that warrant a longer period. In allowing additional time, the Regional Supervisor must determine that the longer period is in the national interest and that it conserves resources, prevents waste, or protects correlative rights.

[61 FR 55887, Oct. 30, 1996; 62 FR 35247, June 30, 1997]

§ 250.14 Reinjection and subsurface storage of gas.

(a)(1) The Regional Supervisor may authorize the reinjection of gas on the OCS to promote conservation of natural resources and to prevent waste when it can be shown that no undue interference with operations under existing leases will result.

(2) An application for reinjection of gas may be approved for the purpose of the following:

(i) Enhanced recovery projects,

(ii) Preventing of the flaring of casinghead gas, or

(iii) Other conservation measures approved by the Regional Supervisor.

(b)(1) The Regional Supervisor may authorize subsurface storage of gas on the OCS for later commercial benefit when it can be shown that no undue interference with operations under existing leases will result.

(2) In each case authorized in paragraph (b)(1) of this section, a storage agreement will be required, and the authorization for storage will provide for the payment of a storage fee or rental.

(c) Reinjection or storage of gas may be approved for locations on- or off-lease, provided that when gas is reinjected or stored off the lease or unit from which it was produced, royalties shall be paid at the time the gas is first